

Job Creation Fund (LEDA)

Interim Jobs Council



July 23 - Albuquerque

Fast Facts

- 40 States have a Job Creation Fund
- Highly Competitive Environment
- Used in conjunction with other incentives to create an “Incentive Package”
- Equipment, working capital, land, building, or infrastructure



Fast Facts

In New Mexico funds can only be used for land, building and infrastructure

Trend for big projects to include a workforce component

- Baton Rouge attracts IBM
 - \$14 Million of state funding
 - Triple the computer science graduation rate and double the faculty in 5 years
 - 800 new technology based jobs
 - 542 indirect jobs
 - 600 construction jobs
 - IBM considered New Mexico



Examples of Job Creation Funds

Arizona Competes Fund

- \$25 Million fund

California Competes Fund

- Most recent fund created
- \$30 Million until June 2014
- \$150 Million from June 2014 to May 2015
- \$200 Million each year thereafter



Examples of Job Creation Funds

Texas Enterprise Fund

- Largest Fund
- Has more than \$250 Million available
- Delivered more than \$500 Million in incentives since inception in 2003
- 70,000 jobs
- \$21 Billion in capital investment

New Mexico LEDA

- \$15 Million appropriated in 2014



Examples of Applications of Job Creation Funds

Texas Enterprise Fund

- Austin attracts Apple:

- \$21 Million award
- \$300 Million Campus by Apple
- 3,600 new jobs

- Plano attracts Toyota:

- \$40 Million award
- \$350 Million capital investment by Toyota
- 4,000 new jobs
- \$7.2 billion economic impact into the community over ten years



Big Business versus Small Business

Are we funding big businesses at the expense of small business?

- 70% of the U.S. economy is comprised of small business, mostly service based jobs
- Economic based companies are the customers of small businesses
- Batteries are support for 300 small businesses



Would We Fund This Company?

- 3,000 high tech jobs
- Average salary including benefits \$115,000
- Creation of another 4,800 jobs
- Spend an average of \$250 Million with New Mexico small business each year
- \$5 Million to philanthropy annually
- \$30 Billion in total economic impact



How does this benefit New Mexico?

Allows New Mexico to succeed in obtaining economic based jobs

- Proven method for effectively attracting and expanding economic based employers
- Almost without exception Job Creation Funds are used in every relevant U.S. expansion
- Part of a long term strategy to diversify our economy
- Stop the current job base dilution; NM only State to have less jobs today than pre-crisis era
- Stop the exporting of our most valuable natural resource



Current Projects

Top 20 active projects represent 6430 economic based jobs (excluding Tesla)

Current New Mexico funding levels do not support even half the current projects



How Many Jobs are Needed

Over the next ten years

- 16,000 jobs needed annually
- 11,000 jobs will be lost annually
- 5,000 net new jobs annually

What does a job cost?

- \$50 Million per year
- Estimate \$10,000 per job
- 5,000 new jobs,
- 11,000 jobs below annual threshold



Questions & Answers

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